

## **PRESS RELEASE**

### **PC Market Goes Non- Metro - Witnessing Shifts**

**New Delhi, 1<sup>st</sup> of June, 2000:** "There has been a significant trend of increasing PC penetration in non-metro cities over the last one year showing that IT awareness and usage has finally started percolating down. A trickle down is important in light of the acute manpower shortage that India is likely to face in achieving its software export target of USD 50 Billion by 2008." Said, Sameer Kochhar, Managing Director of Skoch Consultancy Services while releasing its "Demographic Analysis of the Indian PC Market."

The Analysis shows that 47% of the PC Market in 1999-2000 was in non-metropolitan cities, which represented only about 20% of the market in 1997. "One of the factors driving this trend is an increased availability and a push to Internet due to opening up and expansion of the ISP sector. Nearly 60 ISPs are already operational compared to the monopoly situation of 1998. This trend is continuing and it could result in a higher than 160% growth by end-2000 in Internet subscriber base as expected earlier, creating huge bandwidth bottlenecks. " Informed Kochhar.

Small and Medium Enterprises market which is significant in non-metropolitan cities has been showing an over 100% growth for the past two years as per the recently released third annual Skoch Analysis of the PC industry. This again has been a contributing factor to a shift of the PC market to non-metros. "The major beneficiaries of this shift are GIDs and assemblers and a fat part of their overall 56% market share in 1999 has come from Non-metropolitan cities." Noted, Sameer Kochhar.

Indian PC industry crossed the one billion dollar milestone at Rupees 4540 crore in desktop PC shipments alone in 1999 up 38.8% from 1998. It also crossed one million desktops mark at 1015000 units up from 680000 units in 1998 recording a 49.26% growth in number terms.

The retail PC market consisting of first time users, small business, small office and home segments fueled this growth. This segment grew an unprecedented 108% during the year 1999. The numbers totaled up to 406000 up from 195000 in 1998. This represents a whopping 40% of the total market - two in every five PCs sold last year was retailed.

GID/Assemblers lead the market at 56% share, followed by MNC brands at 24% and Indian brands only at 20%. MNC brands seem to have lost a market share of 4% in 1999 compared to 28% in 1998.

"Given the magnitude of what India is setting out to achieve as a software superpower, the overall picture still looks gloomy with a PC penetration of 4 per thousand and a total installation base of only 4 million PCs." commented Sameer Kochhar, Managing Director, Skoch Consultancy Services.

As per the report Indian PC market is expected to post a 70% growth in 2000 taking the PC penetration up to 5.7 per thousand. "This penetration can be exceeded significantly if the government allows 100% depreciation on PCs. This will make available reasonably contemporary PCs at 5-7 thousand rupees which may open up the floodgates in both metro and non-metro markets." Suggested, Kochhar.



### **About Skoch**

Skoch is an independent industry analysis and strategy consulting company based out of Gurgaon. It engages with several Fortune 500 as well as SME companies world-wide and carries out periodic studies and research in the Asia-Pacific region. For further information, please contact [skoch@skoch.org](mailto:skoch@skoch.org)